

FISCAL NOTE

SB 2516 - HB 2997

March 26, 2004

SUMMARY OF BILL: Allows an individual person who is a resident of Tennessee to purchase directly from a manufacturer or retailer of wine domiciled outside of Tennessee, provided the following conditions are met:

- the Tennessee resident is 21 years of age or older;
- the shipping container of any wine is marked "Alcoholic Beverages"; adult signature (over 21 years of age) required;
- the amount of wine to be shipped does not exceed two cases in any one month, and;
- the manufacturer or retailer engaging in direct sales to residents of Tennessee holds a valid manufacturer's or retailer's license issued by the state of its domicile.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$25,000 - Recurring
\$5,000 One-time

Decrease State Revenues - \$1,000,000

Decrease Local Govt. Revenues - \$200,000

Estimate assumes:

- an increase in expenditures to the Alcoholic Beverage Commission for one position and related expenses to monitor and verify the activities of the direct shipments of wine from manufacturers or retailers.
- five percent of wine purchases currently made in Tennessee will be made from out-of-state sellers to avoid Tennessee taxes.
- a decrease in state revenues from the loss of \$1.21 excise tax per gallon and the 7% sales and use tax collected currently from wine sales.
- a decrease in local government revenues from the loss of 2.4% sales tax.
- if consumers are allowed to buy/import wine directly from out-of-state retailers or manufacturers, they could avoid paying Tennessee tax on purchases.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director